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ARIZONA CORPORATION COMMISSION

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Sept. 9, 2004

Mr. Pat Quinn
State President-Arizona
Qwest Corporation
4041 No. Central
11th Floor
Phoenix, Arizona 85012

Dear Mr. Quinn:

T-00000D-04-0582

Recently, Qwest mailed notices to its long distance customers announcing the company's intention to institute an additional 99 cent interstate services fee, and a new \$2 minimum recurring charge every month for customers regardless of whether they utilize long distance minutes.

To date, Qwest has not officially notified the Commission of this new rate plan, nor has the company sought approval from the Arizona Corporation Commission for its \$2 minimum recurring charge. As you know, any changes to charges associated with Qwest's intrastate services must be approved by the Commission. In this case, when there is a change in the maximum tariffed rate for a competitive service offering, Qwest must obtain Commission approval under A.A.C. R14-2-1110. I was told by a Qwest executive in Arizona that the reason you have not filed these changes to your rates with the ACC is that you consider them to be related solely to your interstate long distance business. However, Qwest's own tariff filing at the ACC for its Qwest Choice Long Distance plan shows that it applies to calls made both interstate and intrastate.¹ Thus, it appears that any rate increases to your Qwest Choice Long Distance plan would have to be brought before the ACC.

If you believe you are not required to bring these new charges before us for approval, please describe why. Please also explain the need for the additional 99 cent interstate services charge, and attach proof that you have made the requisite filings with the Federal Communications Commission.

After Qwest was approved to provide long distance service in Arizona, the company entered the market and began enticing customers with calling plans that had "no monthly

¹ See Qwest Communications Corporation, Arizona Tariff No. 2, Section 3, Page 28.1. 4-2-04. "The Qwest Choice Long Distance offering will allow a residential customer to complete voice calls between any two points within the state. The Qwest Choice Long Distance offering provides the customer with all of their domestic 1+dialed interstate, interLATA and intraLATA calls."

Mr. Pat Quinn
September 9, 2004
Page two

fees" attached. It seems now that the company has decided to alter these plans less than a year after launching them. Please explain your reasons for doing so.

Finally, please detail your reasons for labeling the 99 cent fee an "interstate services fee", which suggests to consumers that this is a governmentally-mandated charge rather than the revenue generating device that it is for Qwest. Recently, Commissioner Bill Mundell called for a new generic docket at the ACC to examine surcharges that are tacked on to customers' bills and misleadingly labeled. It appears to me that the 99 cent interstate services surcharge you propose could fall into this category.

Sincerely,

A handwritten signature in black ink, appearing to read "Kris Mayes", written in a cursive style.

Kris Mayes
Commissioner

Cc: Chairman Marc Spitzer
Commissioner Bill Mundell
Commissioner Jeff Hatch-Miller
Commissioner Mike Gleason
Brian McNeil
Ernest Johnson